

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 1478 - HB 1550**

February 3, 2014

**SUMMARY OF BILL:** Deletes the prohibition that only depository institutions, or their affiliates, may own, establish, or operate electronic cash dispensing devices in Tennessee.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumption:

- According to the Department of Financial Institutions, apart from minor changes to examination procedures, this bill will not result in a significant impact on the Department's regulatory jurisdiction, policies and procedures. Therefore, any fiscal impact to the Department is estimated to be not significant.

**IMPACT TO COMMERCE:**

**Other Fiscal Impact – Deleting the prohibition that only depository institutions, or their affiliates, may own, establish, or operate electronic cash dispensing devices in Tennessee will result in a decrease in revenue for national or Tennessee chartered banks and an equivalent decrease in expenditures for independent ATM deployers (IADs). The number of IAD-owned ATM machines in Tennessee will likely increase as a result of this bill. However, due to many unknown variables, any subsequent commerce and jobs impacts associated with such increase cannot be determined with reasonable certainty.**

Assumptions:

- Under current law, independent non-bank ATM operators or deployers (IADs) must pay a national or Tennessee chartered bank a fee for the privilege of the bank agreeing to operate such ATM in conjunction with the IAD.
- According to the ATM Industry Association, there are approximately 222,500 IAD-owned ATMs in the U.S., of which only approximately 3,000 are located in Tennessee.

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- Deleting the current prohibition that only depository institutions, or their affiliates, may own, establish, or operate electronic cash dispensing devices in Tennessee will likely result in an increase in IAD-owned ATMs, as IADs will no longer be required to pay the privilege fee to depository institutions. The reduction in IAD expenditures will be equal to the reduction in fee revenue to depository institutions.
- Due to many unknown variables, such as the number of new IAD-owned ATMs that will result from this bill, the average fee amount that depository institutions currently charge for the privilege of operating an ATM, the average profit margins for IAD-owned ATMs, and the extent of new incremental income for Tennessee merchants who will offer ATM services upon passage of this bill, any subsequent impacts on commerce and jobs as a result of the increased number of IAD-owned ATMs in the state cannot be determined with reasonable certainty.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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